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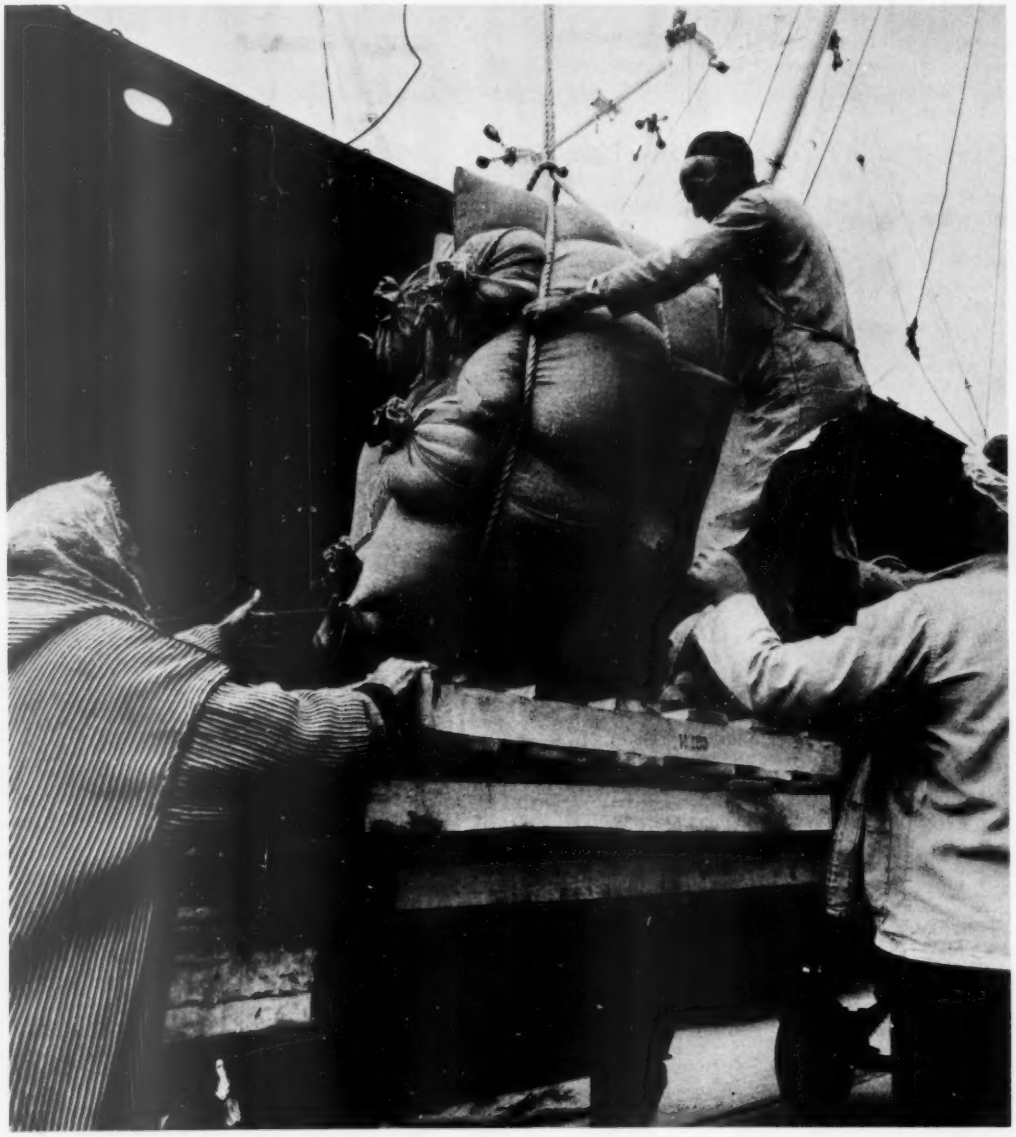

October 29, 1973

Japan's Mikan Oranges Blend With U.S. Juice

Yugoslav Grain Imports

Foreign Agricultural Service
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At the port of Tunis, a shipment of U.S. wheat is unloaded by dock workers. In spite of record production in 1972, Tunisia remains dependent on wheat imports—principally supplied by the United States—to fill growing domestic needs. Article begins on page 10.

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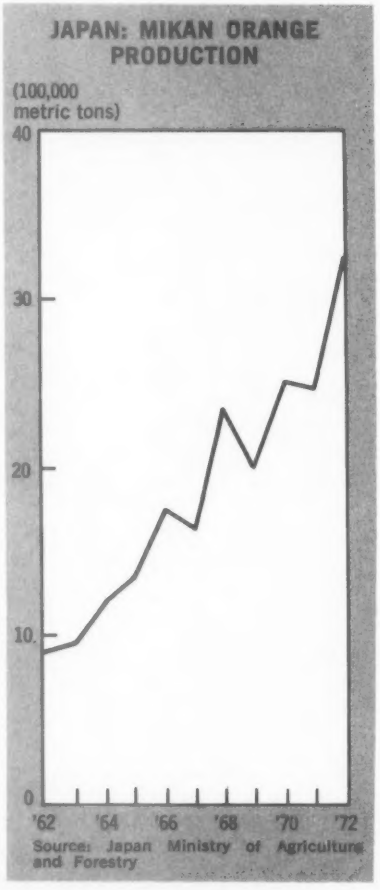
Japan's Surplus of Mikan Oranges May Aid Sales of U.S. Juice

By BRYANT H. WADSWORTH
Assistant U.S. Agricultural Attaché
Tokyo

A SERIOUS SURPLUS of mikan (Unshu) oranges—marketed in the United States as mandarin oranges—is facing Japanese producers, who would like to expand domestic orange juice consumption to relieve their growing overproduction. Curiously, this development may brighten the market for U.S. orange juice in Japan—now severely restricted by import quotas—since many Japanese feel that blending U.S. juice with the domestic product improves taste and increases salability.

Japan's output of mikan oranges has risen a startling 264 percent in the last decade, from 892,000 metric tons in 1962 to an estimated 3,250,000 tons in 1972, according to the Ministry of Agriculture and Forestry (MAF). Long-term projections by MAF suggest that mikan production will advance another 33 percent during the next 10-year period, reaching 4,307,000 tons by 1982.



As with any perennial crop, the mikan oversupply problem has been in the making for over 10 years. Underlying the rapid rise in production is a 114-percent gain in planted area during the 1962-72 period, reflecting relatively high net returns mikan growers have realized in the past several years. During the 1972-73 marketing season, however, wholesale prices were the lowest in 12 years.

Development of Japan's domestic juice market appears to be the most likely solution to the mikan orange surplus, but the market is likely to be difficult to expand substantially. The acid content of mikan juice is high, making its taste unappealing to many consumers.

Japanese grower cooperatives are working to develop less acid varieties of juice-type mikans, but the greatest promise—according to many Japanese and most Americans interested in the problem—appears to be in blending the sweeter, U.S. juice with the domestic product. In this way, a more palatable, and therefore a more salable product results.

Last year, a special 500-ton import quota for concentrated orange juice was allocated to four Japanese juice manufacturers' associations. This juice—and virtually all orange juice imported by Japan—was supplied by the United States and Brazil. If these imports are liberalized, the Japanese market for U.S. juice could surge to $50 million annually during the next 3-5 years. The principal U.S. competitor for the expanded market is likely to be Brazil.

The future potential for U.S. orange juice in Japan, however, will depend largely on the level of import quotas for orange juice concentrate, which

severely restrict imports at present. Moreover, an import duty of 25 percent is levied on imports of unsweetened juice concentrate. These restrictions are designed primarily to protect the domestic mikan industry.

Another problem that inhibits the development of the orange juice market involves the eating habits of Japanese consumers. At present, Japanese consumers drink only about 3.5 ounces of natural orange juice per person annually, compared with an average 10.6 quarts per person in most West European countries. If Japan's per capita consumption could be increased to even 5 quarts, the mikan surplus problem would disappear.

A VIGOROUS PROMOTION campaign will be necessary to encourage orange juice consumption in Japan. The Japanese conception of juice is tied to lower-priced soft drinks or sugar-water combinations, and consumers expect to pay the same low prices for mikan juice. On the average, Japanese frozen-concentrated mikan juice is about twice as expensive on the wholesale level as frozen-concentrated orange juice in the United States.

Although Japanese consumers traditionally eat more fresh fruit than Americans, per capita consumption of fresh mikans in Japan is believed to have reached its limit. About 85 percent of mikans are marketed fresh. Annual per capita consumption is about 50 pounds, compared with 18 pounds of fresh oranges consumed in the United States on an annual per capita basis. Since cold storage facilities for citrus are rare in Japan, most of each season's crop must be consumed in the 7-month period between mid-September and mid-April.

If consumption of fresh and processed oranges remains at present levels, as expected, the surplus during the 1972 season is only the beginning of difficulties. Mikan production is slated to rise by a third in the next decade, while population is expected to increase by only 3 percent during the period. If surplus difficulties are to be averted, a much larger proportion of mikans will have to be processed and marketed as juice or canned sections.

Growers would, of course, like to increase exports of canned mandarin orange sections and fresh mikans. The United States has been the largest market for canned sections, while Canada

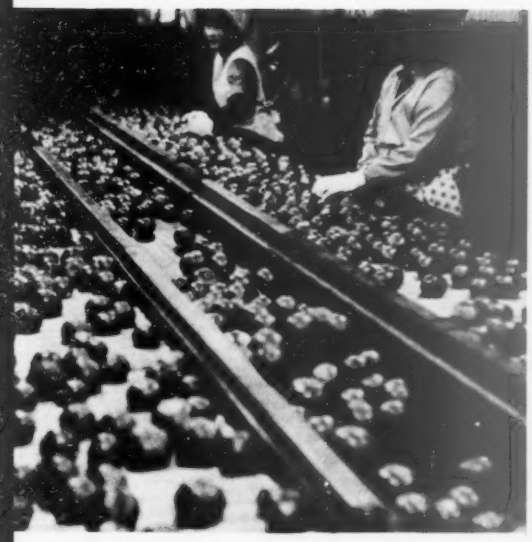
Groves of mikan oranges climb the mountainsides of Kumamoto Prefecture, Japan, while dense hedges divide individual landowners' holdings.

JAPAN DOUBLES ORANGE JUICE IMPORT QUOTA

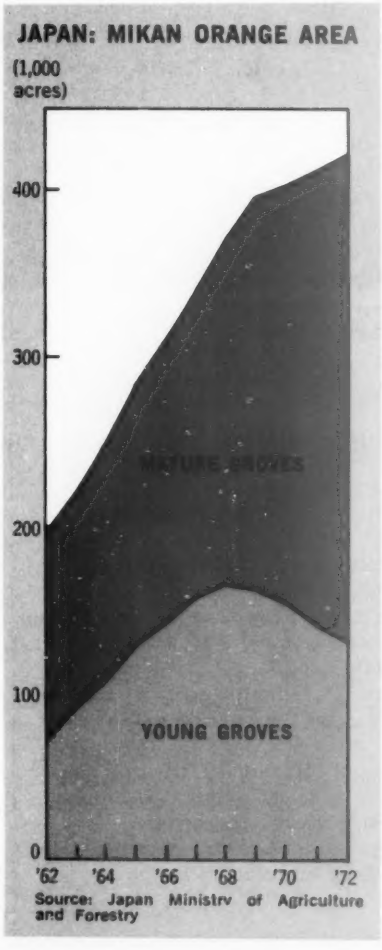
Japan's import quota for concentrated orange juice, announced on August 24, is double the volume authorized for the previous year and includes a new import category—juice for blending. A global quota for 1,000 metric tons of concentrated orange juice (5 to 1 concentrate) was authorized for the fiscal year, April 1, 1973 through March 31, 1974.

The import quota is divided into two parts, a regular quota and a special quota for blending. Of total imports, 650 tons were allocated under the regular quota. Since last year's entire 500-ton quota was in this category, the new quota represents an increase of 30 percent. No restrictions are placed on imports acquired under the regular quota; they can be used for blending or marketed as straight juice.

The special quota for blending, consisting of 350 tons, is a new category. Total imports under this quota, however, are to be allocated to only two agricultural cooperative associations. Ministry officials describe the blending quota as tentative or introductory, and indicate that its purpose is to sell more locally produced mikan juice by enhancing its quality through blending.



Quality control center of mikan packing plant (above). At right, Howard Connolly of the Florida Citrus Commission tours plant's receiving area.



is the largest importer of fresh mikans. These markets are expected to expand somewhat, but their potential has been reduced by the revaluation of the yen.

Thus, the solution to the mikan problem is likely to be opposite from the solution to the rice surplus. Whereas the rice surplus solution focused on reducing supply, correction of the mikan surplus is apt to involve policies to expand demand.

The most noticeable effect of the mikan surplus has been the depression in prices received by producers. Although wholesale prices during the 1968-69 marketing season averaged almost as low as 1972-73 prices, production costs increased by about 25 percent during the 5-year period, 1968-72. Thus, growers were hit harder by the 1972 prices than the low 1968 prices.

JAPAN'S GOVERNMENT has appropriated about $4.5 million to help mikan growers during the 1972-73 season. Up to $1.1 million will be used for interest on loans that growers may incur to tide them over until next season. Another $1.1 million is being used as partial reimbursement to Prefectural Governments, which bought large quantities of mikans during the marketing season and resold them at a loss to hospitals, schools, and other public institutions.

The remaining $2.3 million is set aside to pay storage costs and interest on processed mikans—juice and canned sections—in the event that present stocks are not sold by the time processing plants resume operation.

Japan's mikan production area is located in the southern part of the country, along the southern edge of the main island, Honshu, and throughout much of Shikoku and Kyushu. The greatest increase in acreage has occurred in Kyushu, where mature grove acreage went from 31,728 acres in 1962 to 107,859 acres in 1972, a 240-percent rise. Acreage in young groves—less than 8 years old—reached a peak in 1968, however, and has been declining since then.

In recent years, mikan growers have tended to increase acreage in response to soaring net returns. Although Japanese rice producers receive about three times the world price for rice, rice production, generally speaking, has not been half so profitable as mikan growing. MAF cost surveys show that net returns from 10 ares of land (.247 acres) in mikans were five times higher than from 10 acres of rice land in 1972. In 1968, profits from mikan growing were 1.7 times higher than from rice, a drop from 3.5 times higher in 1965.

Consequently, some acreage formerly used for rice production has been going into mikan groves, but not to the extent expected. Some terraced rice acreage in southern Japan went into mikan groves after World War II, but much of the increase has taken place on steep land not previously used for food crops.

Only 13 percent of total mikan acreage is on level land—less than 5 degrees slope. The remaining 87 percent is divided about evenly between gently sloping land—5 to 15 degrees slope—and steeply sloping land—over 15 degrees, neither of which is normally used for food crops.

Japan's riceland diversion program—initiated to control the country's rice overproduction problem—was expected to substantially increase mikan acreage. Generally, this has not happened. Of the 1.2 million or so acres taken out of rice production under the program, less than 1 percent—about 7,413 acres—went into mikan groves.

One of the reasons more rice land has not been used for mikans, in spite of the difference in profitability, is that mikans grown on paddy land are generally poor in color, texture, and taste because of a high percentage of clay in the soil and related drainage problems.

U.S. and World Soybean Output Due To Reach Record Heights

Recording the highest annual growth rate in history, world soybean production in 1973 is preliminarily estimated at 58.21 million metric tons (2,139 million bushels)—22 percent or 10.44 million tons above the revised 1972 total. The unprecedented increase primarily reflects a major expansion in soybean acreage in the United States and, to a lesser extent, Brazil. Total world acreage harvested for soybeans in 1973 is forecast at 92.63 million acres, indicating a rise from last year of 15 percent or 12.03 million acres.

This year's record upswing in world soybean production of over a fifth follows a 9 percent gain in 1972, compared with an average annual increase of 5 percent during 1966-70. The United States and Brazil, the two major exporting countries, account for 80 and 11 percent, respectively, of the net advance in world production this year.

Soybean harvests in 1973 in the Soviet Union and the People's Republic of China (PRC) are expected to recover somewhat from their weather-reduced 1972 volumes. Together these countries account for 5 percent of the net increase in world production.

Aggregate soybean production in the rest of the world, reflecting larger crops in Mexico, Argentina, Colombia, Paraguay, Australia, Romania and Thailand, accounts for 4 percent of the net increase in world production.

U.S. soybean production in 1973, based on crop conditions as of October 1, is officially forecast at 43.23 million tons (1,588 million bushels)—24 percent or 8.31 million tons (305 million bushels) above the 1972 volume. The record increase in the 1973 U.S. soybean crop reflects an increase in plantings two and a half times greater than the previous record.

Acreage harvested for soybeans is placed at 56.17 million acres—up a spectacular 23 percent, or 10.4 million acres compared with the previous year. The prospective yield is 28.3 bushels per acre, rising 1 percent above the 1972 level and moving up to a new all-time high.

Brazil's already-harvested 1973 soybean crop is currently estimated at 4.8 million tons, indicating a gain of 31 percent or 1.13 million tons over the official estimate of 3.67 million tons for 1972.

Sharply expanding plantings raised Brazil's soybean outturn this year to a volume over seven times the level of 5 years earlier. Harvested area in 1973, at 7.52 million acres, increased 30 percent, the same as the average increment of the 1967-71 period, which occurred on a much smaller base. Yield was little changed from the previous year.

Brazil's Government has announced a production target of 7 million tons for 1974; however, most private sources forecast increases of 1- to 1.5-million tons. Brazilian trade sources expect that acreage will expand by about 30 percent per year in major growing areas extending from São Paulo State south to Rio Grande do Sul (including the important State of Paraná) and by larger percentages in Mato Grosso, Goias, and Minas Gerais where acreage is currently very small.

The PRC's 1973 soybean harvest is tentatively placed at 6.7 million tons—400,000 tons above the estimate for 1972. Fragmentary reports point to improved growing conditions in 1973 compared with 1972, when drought on the North China Plain and excessive rainfall in Manchuria are believed to have reduced output.

Soybean area throughout the PRC is estimated to have declined by roughly 5 percent in 1973, reflecting competition from food grains and cotton on the North China Plain.

Soybean production in the Soviet Union is also expected to recover from the sharp decline of 1972 and may approximate 400,000 tons in 1973. The 1972 harvest, officially estimated at 260,000 tons, was 51 percent smaller than the 1971 crop. Production in the Soviet Far East in 1972 is believed to have suffered from the same poor harvest weather that affected the harvest in Manchuria.

WORLD SOYBEAN PRODUCTION 1972 AND ESTIMATED 1973

[In million metric tons]

Area	1972	Estimated 1973	Volume change
United States	34.92	43.23	+ 8.31
Brazil	3.67	4.80	+ 1.13
PRC	6.30	6.70	+ .40
USSR	.26	.40	+ .14
Others	2.62	3.08	+ .46
World total	47.77	58.21	+10.44

—By Bruce Baker, *FAS*

Major Markets Take More Oilseeds and Meals

Net oilseed and meal imports by six major world markets—Japan, West Germany, France, Denmark, the United Kingdom, and Spain—rose by 7 percent to 13.3 million metric tons, soybean meal equivalent, during the October 1972-July 1973 period.

The bulk of the increase reflected heavier movements of soybeans and soybean meal from the United States and Brazil, increased movements of peanut meal from India and Argentina, and larger shipments of cottonseed meal from India.

Imports of soybeans and meal alone for the 1972-73 period increased to 8.7 million tons—14 percent above the same 10 months of 1971-72. The advance in imports of soybeans and meal was equivalent to the protein fraction of 50 million bushels of soybeans. Imports of all oilseeds and meals, however, mounted by the equivalent of only 42 million bushels in terms of soybeans. A major share of the difference was due to the sharp drop in fishmeal supplies and thus imports.

In July 1973, import growth slackened to only 5.9 percent above the same month in 1972. However, July 1973 imports of soybeans and meal, increasing by 10 percent, comprised 61 percent of total volume against only 59 percent of volume during the same month in 1972. During the same month, fishmeal imports continued to run sharply below July 1972 volume.

On a country basis, net imports of oilseeds and meals during the October

Continued on page 16

Yugoslav Grain Harvest Looks Good, But Import Needs Will Remain High

YUGOSLAVIA—second best customer for U.S. grains in Eastern Europe (Poland is first)—expects to harvest bountiful wheat and corn crops this fall, although reduced wheat acreage will probably cause that crop to fall slightly below last year's harvest. The possible excellent corn harvest could lessen Yugoslavia's import needs, however.

Still, grain import requirements are likely to be higher than last year, since carryover stocks are generally low and livestock industry needs remain high. Renewal of an agreement with the European Community (EC) that will facilitate baby-beef exports has given new impetus to livestock development efforts, as have rising domestic and tourist industry needs.

Yugoslavia estimates that it will need to import 500,000 tons of wheat for the 1973-74 marketing year. Further purchases could include some 150,000 tons of corn, 50,000 tons of barley, 30,000 tons of rye, and 10,000 tons of oats.

Yugoslav farmers began the important wheat harvest during the last week of June and reports from the field were very optimistic. In the Province of Vojvodina—the main wheat producing region—State-run farms, or Kombinats, reported yields averaging between 60 and 90 bushels per acre. Private farmers, however, harvested a somewhat lower 45-52 bushels an acre.

Since unfavorable weather at planting time discouraged a number of wheat farmers from seeding, harvested wheat area—about 4.2 million acres—dropped some 13 percent below area harvested last year.

Once planted, however, crops progressed nicely, so that average yields for all of Yugoslavia are estimated at 39.7 bushels per acre, higher than the 37.3 bushels per acre of last season, but below the record 43.3 of 1971. In general, the quality of the wheat is considered good—much better than last season.

Yugoslavia's wheat output for the 1973-74 year is estimated at 4.7 million tons, 140,000 tons or about 3 percent less than last year's outturn. Wheat requirements, however, are pegged at 4.93 million tons. Since wheat stocks are small—slightly above a month's requirements—it appears that imports of about 500,000 tons will be needed.

For this reason, Yugoslavia's Government approved an import quota of 600,000 tons of wheat for the current calendar year. An import tender for 150,000 tons, held in April, was unsuccessful since all bids were rejected owing to high prices on the world market. Actual wheat purchases during 1973 will depend on the final outturn of this year's harvest, as well as the prevailing world price situation.

Yugoslavia depends on its corn harvest to supply the basis for most livestock feeding, and until recently, has met livestock demands through domestic production. Last year's corn harvest, however, was of generally poor quality, with high moisture content and spoilage rate. As a result, corn purchases from the United States during fiscal 1973 rocketed to approximately 360,000 tons.

This summer's corn harvest appears much improved, however. If favorable weather continues, production could reach 8 million tons—the minimum needed to supply livestock needs—and an amount that would reduce the country's import needs to 150,000 tons for the 1973-74 marketing year.

In spite of the reported good condition of the corn crop, frequent April rains discouraged gains in corn acreage. Land planted to corn dipped slightly to 5.83 million acres in 1973, compared with 5.88 million planted last season.

However, Yugoslav farmers increased plantings of other coarse grains—barley, oats, and rye—so that total acreage in coarse grains advanced by 56,833 acres to total about 7.5 million acres for the season.

To support livestock development efforts, the Government has approved a feedgrain import quota of 355,000 tons for 1973. Such import quotas represent maximum amounts that can be imported during the year. Since corn stocks are adequate and a good corn harvest is expected, only a part of the quota will probably be purchased.

To increase grain availability for animal feeds, especially in view of high protein prices, Yugoslavia's Government increased support prices for 1973-crop corn some 10 percent above last year's prices. But guaranteed prices for wheat remain the same, in spite of rising production costs. Consequently, the Government of Vojvodina Province prepared a proposal for increasing wheat prices—submitted to the Federal Government during July. If approved, the proposal should stimulate farmers to plant more wheat this fall and wheat area could expand to almost 5 million acres.

Under the guaranteed price system that covers wheat, corn, and rice, Yugoslavia's Government is obliged to buy all offered amounts of these grains at specified prices. For better qualities, however, support prices are increased, while for lower qualities, prices are reduced.

For example, guaranteed prices are higher for corn with a low moisture content—a situation that caused many problems this winter and spring. In many cases, corn harvested on private farms had a moisture content as high as 30 percent and drying facilities were not available.

In addition to support prices, the Government guarantees part-payment of storage costs for wheat during months between August and May. For corn, guaranteed prices increase a specified amount in each month between December and May.

ALTHOUGH THE ban on exports of feedgrains, imposed in the fall of 1970, remains in effect this year, Yugoslav Kombinats requested permission to export some 200,000 tons of low-quality corn from the poor 1972 crop. The application, however, was refused, although domestic demand for such corn is small.

A recent development that will influence Yugoslavia's need for feedgrains is a nonpreferential, 5-year agreement with the European Community signed on June 27, 1973. The agreement will enable Yugoslavia's exports of baby-beef meat to move to the EC on a more stable and longer term

basis. More favorable for Yugoslavia than the previous 3-year trade pact, the agreement should encourage expansion of the beef feeding industry by providing a permanent and continuing market for baby beef.

To build cattle numbers, improve local beef supplies, and boost foreign currency earnings from beef-product sales to tourists, the Yugoslav Government has sharply restricted live cattle exports. Moreover, Yugoslavs realize that they are losing profits by exporting lightweight calves to Italian and Greek feedlots, rather than retaining calves for domestic feeding.

Live cattle exports declined to only 17,000 head during the first half of 1973, compared with 120,000 head during the same period of 1972. For all of 1973, live cattle shipments could amount to only 45,000 head.

MEAT EXPORTS, Yugoslavia's principal hard currency earner, have also been curtailed. Beef and veal exports during first-half 1973 totaled 32,000 tons—the same as in the corresponding 1972 period. However, much of the beef and veal that was designated for export early this year was used to supply the tourists that flock to Yugoslavia's southwestern seacoast.

Yugoslavia—usually a net meat exporter—is in the somewhat awkward position of having to import meat because of serious domestic shortages. To supply local markets and to free domestic beef for export, the Government announced a quota early this year for importing 12,500 tons of beef. Through June, 3,529 tons were purchased. Further meat imports this year could include 25,000 tons of pork and 5,000 tons of chicken.

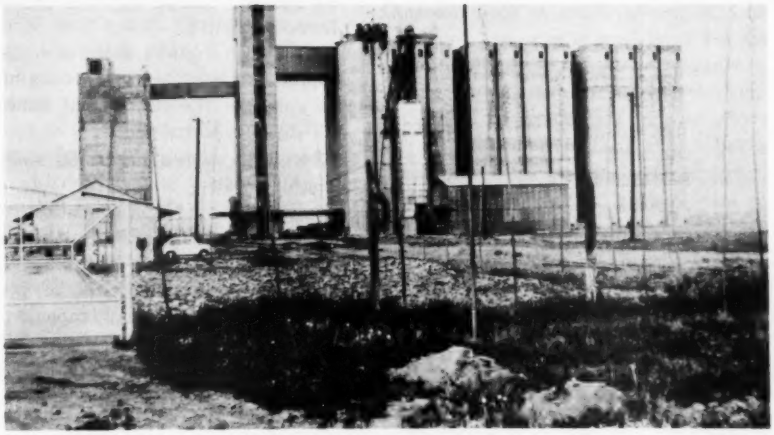
At present, supplies of beef and lamb are thought sufficient to meet consumer needs, which usually decline during the summer months. But many consumers are beginning to prefer a type of meat not produced in quantity domestically. Yugoslav housewives stretch their meat budgets by purchasing often-imported meat pastes and spreads.

Anticipating shortages, exports of pigs, hogs, lard, and bacon were changed from the liberalized to the restricted export category in mid-March, in hopes that domestic supplies would expand. By early July, however, a severe pork shortage became evident throughout the Nation, possibly excepting the coastal tourist areas.

Because some slaughterhouses work with only 30-40 percent of capacity in summer months, very limited quantities of pork were available in retail stores, which sold out immediately in the early morning hours. During July and August —the peak of the tourist season—practically no pork was expected to be available in local markets.

Free market prices for liveweight hogs currently far exceed support prices, which were upped in March. While feed prices continue to rise, retail pork prices, set on the basis of liveweight hog support prices, remain largely unchanged. Therefore, new and immediate imports of pork and swine for slaughter appear imminent.

—Based on dispatches from
JAMES R. HICKMAN
U.S. Agricultural Attaché, Belgrade



Combines harvest wheat (top) on large Yugoslav Kombinat or socialized farm, which also incorporates a modern facility for grain storage (center). At left, shelled corn, fresh from the harvester, is dumped at the farm's elevators for drying.

Soybean Oil: A Newcomer to Portugal's Edible Oil Industry

By HARRY C. BRYAN
U.S. Agricultural Attaché
and CARLOS A. VIEIRA
Office of U.S. Agricultural Attaché
Lisbon

RECENTLY, THE Portuguese Government announced that soybean oil may now be sold to the public as an edible vegetable oil, thus expanding the market for the United States and Brazil, traditional suppliers of soybeans and soybean products to Portugal.

The announcement is regarded as a continuation of the Government's policy of importing oilseeds to be crushed to fill a widening gap between domestic production and consumption of edible vegetable oils.

A levy on sales of soybean oil will provide funds to enable the Government to continue its efforts to meet demand for edible oil through increased domestic production of oilseed crops. Additional needs are to be met by importing oilseeds for local crushing to avoid, if possible, direct import of edible oils.

Portugal has been importing soybeans in volume since 1969, mainly from the United States and Brazil. Imports for 1973, which were expected to reach 90,000 metric tons, may now only total about 40,000 tons. In 1972, imports totaled 36,705 tons—26,707 from the United States and 9,998 from Brazil. Imports of soybeans in 1971 totaled 52,540 tons, all from the United States.

In recent years, growing demand for meat, dairy products, broilers, and eggs in Portugal has led to increased livestock production and, concurrently, a dramatic growth in use of soybean meal and oilcake by the mixed feed industry. Use of soybean meal and oilcake is expected to total 100,000 tons in 1973. In 1972, use of these products reached 98,761 tons, more than double the 48,806 tons used in 1970.

Soybean meal produced by local crushers has not been sufficient to supply this demand, and large imports have been necessary. An estimated 80,000 tons will be purchased in 1973. In 1972, imports totaled 74,766 tons, compared with 34,658 tons in 1971. The United States and Brazil were the major sources of supply.

The decrees issued on May 25, 1973, listing soybean oil as an edible oil have long been sought by the United States. The decisions culminate years of cooperative effort by the U.S. Government and local soybean crushers to remove the nontariff restrictions and utilize fully Portugal's Kennedy Round concession on soybeans.

From now on, crushing of imported soybeans is expected to expand rapidly, and may well exceed 100,000 tons by 1974 unless the 16 cents per liter "differential" fee on soybean oil sales proves restrictive.

Until now, a major share of soybean oil produced in preparing soybean meal and cake for the mixed feed industry had to be exported.

Portugal's soybean crushing and oil refining capacity is limited. Only one plant with a 75,000-ton annual capacity is now exclusively crushing soybeans and refining oil. This capacity is expected to double shortly. Another plant, with 300,000-ton annual capacity, is currently crushing and refining other edible oilseeds but can switch to soybeans and is expected to do so.

ALSO, A PLANT with annual capacity of 135,000 tons and designed exclusively for use of soybeans is expected to come into production shortly. About 25 other plants are processing and refining edible vegetable oils but reportedly cannot switch to soybeans with their present equipment.

At present, direct import of soybean oil is not foreseen as soybean oil from locally crushed soybeans is expected to meet anticipated demand.

On the whole, however, Portugal is a net importer of edible vegetable oils. These imports totaled 70,365 tons in 1972, compared with 30,573 tons in 1970. Palm oil was imported in large quantities mostly for industrial use but imports of olive oil accounted for virtually all of the increase. Traditional exports of olive oil to the Portuguese Overseas States and Brazil will continue even if it is necessary to replace these exports with foreign olive oil for domestic use.

At present olives are the major product crushed for edible oil, accounting for 47 percent of all oilseeds crushed in 1972. Peanuts, which will be replaced to an extent by soybeans, made up 21 percent of the total of 312,481 tons, up about 23,000 tons from 1970. This total does not include soybeans since during that period soybean oil was used only for "industrial" purposes, such as manufacture of margarine or for export. Soybeans crushed in 1970, 1971, and 1972 were 48,631, 52,416, and 41,009 tons, respectively.

In 1971, 6,348 tons of soybean oil were exported but shipments almost ceased in 1972 as the trade was anticipating Government action making soybean oil eligible for sale to the public as an edible oil.

DOMESTIC production of olive oil has not kept pace with consumption requirements, making some imports necessary. In 1973, olive production is expected to be about the same as in 1972, when 52,996 tons were produced, compared with 67,370 tons in 1970.

Thus while the soybean star is rising the outlook for production of olives for oil is not optimistic. Acreage planted to olive trees has been reduced, and the industry faces a serious problem in recruiting from a rapidly dwindling and costlier labor force. On the other hand, yields are improving as a result of Government-financed programs. The Government has also permitted retail price increases for olive oil to provide better returns to producers. However, this has put the more expensive olive oil out of reach of many consumers. While the consumer still prefers olive oil, economic considerations lead him to switch to other vegetable oils.

Sunflower and safflower are the major vegetable oilseeds grown in continental Portugal. Production of these two crops first began in 1969, and reached 3,360 tons of sunflower and 6,195 tons of safflower in 1970. The next year, production grew to 9,569 and 15,715 tons for the two crops, and for 1972, 8,000- and 18,000-ton crops are estimated. From 1970 to 1972, acreage is

estimated to have expanded from 3,022 acres planted in sunflowerseed to 14,826 acres. Safflower acreage is estimated to have increased from 37,413 to 74,130 acres.

Although production is expanding, it is not expected to increase sufficiently to diminish the need to import increasing quantities of oilseeds. Lack of enough suitable land and competition with other crops are limiting factors in expanding production. Also, oilcake and meal produced are not such valuable byproducts as soybean cake and meal.

Soybean oil, if appropriately processed and adequately advertised and promoted, should rapidly gain consumer acceptance.

The initial officially fixed retail price of soybean oil—at 68 cents a liter bottle (or 65 cents a quart)—is very competitive with peanut, corn, sunflower, safflower, and cottonseed oils, and is about half the price of extra-fine olive oil.

However, the Government-fixed price to the refiner—53 cents a liter—leaves a low margin of profit, in view of the current price of soybeans on the world market. Of all the edible vegetable oils, only soybean oil will have a levy of 16 cents a liter. On the other hand, earnings from byproducts, soybean cake and meal, will partially offset the disadvantage.

Use of soybean oil in the fish canning industry will also be permitted on an experimental basis and in accordance with regulations to be established by the Instituto Portugues de Conservas de Peixe (Portuguese Fish Canning Institute). The fish canning industry uses about 7,500 tons of edible oils annually. Only olive oil was permitted to be used in the industry until October 1972, when cottonseed and sunflower oil were added to the list.

Importation of soybeans for oil processing and internal and external marketing of soybean oil will be controlled by the Instituto do Azeite e Produtos Oleaginosos (Olive Oil and Oliveseed Products Institute.) The Institute already controls marketing of all other edible oils.

Some of the major points in the decrees issued by the Ministry of Health and Assistance and the Ministry of Economy and Finance and soon to be published are:

- Plants extracting and refining soybean oil may not stock any other crude or refined oil.
- Plants extracting and refining soybean oil must keep record books to enable the Olive Oil and Oilseeds Products Institute to check at any time stocks of soybeans, crude and refined oils, and the amount processed.
- After processing, soybean oil must be kept in storage approved by the Institute, which must also approve sales to any destination and will control supply based on availability of other vegetable fats.
- Soybean oil may only be sold in its pure form.
- Soybean oil may only be sold to the public in one liter bottles bearing the legend, "Soybean Oil," and maximum retail prices must be printed on the bottle.

THE MINIMUM SIZE of words printed on the bottle is 0.6 inch and they may not be partially hidden or totally hidden by the labels on the bottle. Soybean oil bottles may only contain soybean oil even if the print is covered by labels.

- Maximum selling price of soybean oil to the public is 68 cents a liter, of which a 16-cent-per-liter "differential" must be paid by refineries for all oil sold. Soybean oil sold for industrial purposes or for export is free of this charge.
- Each importation of oilseeds requires an import license. The Institute will insure that those companies authorized to import on a temporary basis oilseeds to be crushed locally for use in the feed industry will be given priority in purchasing oil to supply the internal market. This would be done through the Institute, which will establish prices with the proviso that all oilseed cake produced will be sold domestically.
- The decree establishes characteristics of oil to be used by the fish canning industry until final quality standards are published by the Fish Canning Institute. The Government may also take measures to stabilize supply of oil to this industry.
- Prices established for soybean oil have been carefully calculated in order not to disrupt supplies of other edible oils and to maintain a margin of profit sufficient to allow for the levy charge which will provide a support fund for oilseed production.
- The Government will also establish, as a fundamental measure in encouraging production, a scheme of guaranteed annual prices for domestically produced oilseeds.
- Within the scope of the present policy and in conformance with legally established regulations, the Government undertakes to encourage signing of collective trade agreements between oilseed farmers on one side and processors and traders on the other.

It should be noted that several restrictions remain in the Portuguese soybean oil program. For example, it is expected that import licenses will be issued for imports of soybeans for local crushing rather than for soybean oil. Also, the "differential" fee may discourage some refineries from processing soybean oil. Events in the coming months will reveal the degree to which the soybean oil market has been liberalized.

To harvest olives, Portugese farmers shake tree limbs and collect fruit on a canvas below. Imported U.S. soybeans are freeing olive oil for export.

Tunisian Wheat and Oil Imports Up Despite 1972 Production Boom

By HERBERT H. STEINER
Foreign Demand and Competition Division
Economic Research Service

DESPITE RECORD production of wheat and olive oil in 1972, Tunisia continues to require substantial imports of wheat and seed oil for domestic consumption.

These products accounted in 1972 for over 90 percent of the value of agricultural exports to Tunisia from the United States, the principal supplier. Purchases of about 145,000 metric tons of U.S. wheat and wheat flour were valued at $9.4 million, those of soybean oil (some 52,000 metric tons) at $13.7 million.

For 1973, a grant from the European Community of 25,000 metric tons of Soft wheat worth $1.6 million is to be shipped during September-November. Of 1973 seed oil imports 30,000 metric tons may come from the United States, under Title I of P.L. 480.

Rising consumption may necessitate imports of 200,000-500,000 metric tons of wheat annually for the next few years. After this, wheat sales to Tunisia might decrease if the country is able to improve total wheat yields significantly. The U.S. share of Tunisian oil imports should remain high, although it may decrease in 1973 due to lower prices offered by competitors.

Wheat. In recent years, about 2.5 million acres have been devoted to wheat production. Acreage planted this year was 2.35 million, and an above-average production of 700,000 metric tons (400,000 metric tons Durum and 300,000 metric tons bread wheat) is predicted, despite flood losses to grain crops of about 15 percent.

All Tunisian wheat is Spring wheat, although planted in October-December and harvested in May-July. The climate is not cold enough for Winter wheat.

Two different types of wheat are produced. Triticum Durum, a hard wheat with 16 percent protein, is similar to Durum produced in the Great Plains of the United States and Canada. Triticum vulgare is called Soft wheat in Tunisia, but actually is much like the Hard White Spring wheat from the Pacific Northwest.

Of the total 1972 wheat harvest of 800,000 metric tons, 500,000 metric tons were Durum. Thousands of small-scale farmers produce Durum, often plowing with animals and sowing by hand. A large part of the crop is planted without fertilizer. Thus, even in a good crop year like 1972, yield was only 10 bushels per acre.

Until the end of the 19th century, Durum was the principal wheat planted. At that time, French and Italian colonists began planting Triticum vulgare, also called bread wheat in Tunisia. Production of bread wheat developed almost entirely on large mechanized farms. It accounted for less than 20 percent of total wheat output until introduction of high-yielding short-straw varieties in 1967.

Bread wheat production increased from 40,000 metric tons in 1966 to 300,000 metric tons in 1972, when 250,000 acres of improved varieties were harvested. Yields of 30 bushels per acre planted with improved wheat helped rise total bread-wheat yield to about 18 bushels per acre, double the average of recent years.

Tunisia would require little or no imported wheat if its total wheat yield, including Durum and bread wheat, could be increased to 18 bushels per acre. However, this is unlikely to occur during the next few years for a number of reasons.

Water is limited, and only a small part of wheatland can be irrigated. Since production of improved wheat is subject to weather changes, it cannot reach full potential.

High yields from improved Mexican wheat varieties also require rigid control of such factors as seed quality, seedbed preparation, seeding rates, proper planting dates, fertilizer application, and weed control. A survey conducted in northern Tunisia on 27 large cooperative and State farms in 1969-70 revealed that when these variables were not optimum, improved varieties often yielded less than common wheat.

In another survey conducted in the principal wheat-growing Province of Bajah during May-June 1971, 25 percent of plots of improved Mexican-type wheat yielded less than 15 bushels per acre. Since many farmers apparently do not have management and other resources to fully realize potential of the improved wheat varieties, total yields will not continue to increase at the same rapid rate as early in the program.

The small-scale farmer is more likely to plant Durum than the higher-yielding bread wheat. He prefers Durum for home consumption as "couscous," the most important staple food. Also, he

Tunisian farmer (above) grinds his wheat for making bread or couscous, a diet staple made from Durum. Top right, U.S. wheat is unloaded at Tunis prior to milling. In rural area, bread is baked in stone oven (below right).

can get a better price for it. The Government price is only 10 percent higher than its price for bread wheat, but unofficial prices may be twice as high.

Wheat provides roughly half of caloric intake and over 60 percent of protein in the Tunisian diet. Yearly per capita wheat consumption is estimated at 295 pounds. With an annual population increase of 2.6 percent, demand for wheat should continue to rise.

Emphasis on livestock development may also increase the market for feedgrains. On the other hand, increased planting of barley may be at the expense of wheat production. In 1972 860,000 acres were planted in barley with an average yield of 40 bushels per acre and total production reaching a record 200,000 metric tons. This year an estimated 925,000 acres were planted but production is expected to stay at 200,000 metric tons. Heavy spring rainfall hindered weed control and fertilizer application, reducing yields in some areas.

Olive oil. Production of olive oil, Tunisia's most important agricultural export to the United States, is second only to wheat production. In excellent crop years, olive oil production can even exceed wheat in value.

Olive trees cover about 2.7 million acres, with greatest concentration in the eastern central Provinces of Susah and Safaqis. Oil is the second most important source of calories in the local diet, providing about 16 percent of energy intake.

Following the record olive crop and oil output in 1972 of 850,000 metric tons and 167,000 metric tons, respectively, production dropped back in 1972-73 to an estimated 325,000 metric tons olives and 65,000 metric tons oil. The expected upswing in the 1973 "on" year and heavy spring rainfall beneficial to olive trees could well push 1973-74 olive oil production beyond the 1971-72 record.

Following the poor harvest of 1961-62, Tunisia began to import U.S. soybean oil under P.L. 480 to blend with olive oil for domestic consumption. The blended oil became so popular that by 1972 only 2 percent of edible oil retailed was pure olive oil.

Blended oil was retailed at half the price of pure olive oil, and large numbers of consumers were able to buy more. Per capita annual consumption of oil rose from 20 to 35 pounds.

During 1962-72, the United States supplied at concessional prices most seed oil imported, even after Tunisia's record olive harvest in 1971-72.

APPARENTLY THEN, appreciable quantities of seed oil will continue to be imported, although prices will determine whether the United States continues to be the principal supplier.

On June 13, an agreement under P.L. 480 Title I was signed providing for sale to Tunisia of $8.7 million worth of U.S. soybean oil and/or cottonseed oil.

Period of supply of the 30,000 metric tons of oil in fiscal 1973 and 1974. Payment will be under a convertible local currency credit arrangement, and sales will be made by private U.S. traders.

During negotiation of the agreement, Tunisia's Government announced that it will carry out a self-help program including the following measures:

- Expedite proper utilization of water from drilled wells and surface water projects already under construction.
- Provide necessary support for the Soil and Water Conservation Agency (CES) to carry out its programs.
- Increase funds allocated for loans and other services to individual farmers and agricultural cooperatives.
- Strengthen overall economic planning through a system of collection, computation, and analysis of statistics in order to evaluate and improve support for agriculture.

CROPS AND MARKETS

COTTON

World Cotton Stocks, Output, And Consumption Increase

World cotton stocks on August 1, 1973, totaled 22.6 million bales, up 1.9 million from a year earlier and the highest since 1967-68. The largest increase was in non-Communist foreign importing countries. World production in 1973-74 is estimated at 59.5 million bales, up 300,000 from the former record high last season. Consumption, estimated at 58.1 million bales, is also at an alltime high, but over a million bales below estimated production.

Assuming that estimates of world production and consumption are reasonably close, world cotton stocks will be increased again this season. All of the increase is expected to be in foreign countries.

The increases in stocks, production, and consumption are accompanied by current international prices of about 90 cents per pound, triple those of a year earlier. These prices have been holding about steady in recent weeks with light trading.

Pakistan Removes Embargo On Raw Cotton Exports

On October 12, Pakistan announced the immediate removal of its recent embargo on raw cotton exports. This action comes on the heels of sharp reductions in Pakistani spot values following reports that cotton not washed out by the floods was making good progress.

In addition the Government decreed that, henceforth, the export of all cotton, both staple and Desi, would be handled by a Government cotton corporation. The structure and authority of the public corporation is not currently known. However, arrangements are also being made to reopen the cotton futures market the private sector can still ship Desi cotton against contracts registered by October 11. It thus seems that some domestic role will remain for the trade.

No clarification has been made on outstanding commitments in staple styles.

GRAINS, FEEDS, PULSES, AND SEEDS

Purdue University Study Finds New Sorghum Gene

A 7-year search by Purdue University scientists has led to the discovery of a gene in the sorghum plant considered to be "of lifegiving importance" to protein-starved inhabitants of Africa, Asia, and Latin America. The study was financed by the Agency for International Development.

The scientists found the high-lysine gene in two strains of sorghum collected in Ethiopia after screening 9,000 varieties of the grain from all over the world. Lysine, an amino acid, is an essential component of protein in human nutrition. The discovery promises to nearly triple the protein quality of normal sorghum strains and is expected to lead to improved sorghum varieties for human consumption in 3 to 5 years, according to the Purdue group.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Oct. 23	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	6.18	− 5	2.74
USSR SKS-14	(1)	(1)	(1)
Australian FAO [2]	(1)	(1)	2.63
U.S. No. 2 Dark Northern Spring:			
14 percent	5.46	− 5	2.54
15 percent	(1)	(1)	2.49
U.S. No. 2 Hard Winter:			
12 percent	5.62	+12	2.54
No. 3 Hard Amber Durum	7.02	−60	2.61
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.11	+ 5	1.63
Argentine Plate corn	3.38	−15	2.04
U.S. No. 2 sorghum	3.30	+12	1.74
Argentine-Granifero sorghum	3.30	−10	1.74
U.S. No. 3 Feed barley	1.38	− 1	(1)
Soybeans: [3]			
U.S. No. 2 Yellow	6.00	−1.08	3.70
EC import levies:			
Wheat [4]	[5] 0	0	1.32
Corn [6]	[5] .39	+ 4	1.16
Sorghum [6]	[5] .29	+ 8	1.06

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

Canada Begins To Buy Feed Oats and Barley

Canada's Agricultural Products Board announced it began to buy feed oats and barley in the Prairie Provinces October 3. The Canadian Wheat Board, acting as agent for the Products Board, makes the purchases at country elevators.

Prices offered at the season's beginning were Can$1.98 a bushel for No. 1 feed barley and Can$1.16 for No. 1 feed oats, basis Thunder Bay or Vancouver. The price the Products Board offered for feed oats and barley is halfway between the Wheat Board's initial price and its expected end-of-season price.

The Products Board's program is aimed at assuring producers they will not be forced by market conditions to dispose of their feedgrains at depressed prices.

FATS, OILS, AND OILSEEDS

Brazil Suspends Soybean, Soybean Oil Exports

On October 4, CACEX, the Foreign Trade Division of the Bank of Brazil, suspended further registry of export sales of soybeans and soybean oil. Reportedly, sales already registered for future shipment are not affected. The Government action was taken in response to indications from domestic crushers of a developing tight oil supply due to a lack of soybeans.

The availability of soybeans to crushers is being limited by the sharp increase in 1973 exports of soybeans, now said to be 750,000 to 800,000 metric tons out of a 1-million-ton production gain. In addition, hoarders and speculators, who acquired stocks at high prices, are said to be reluctant to sell at current falling prices.

Brazilian Government officials have met with oil producers to organize a possible allocation system for known soybean supplies and proposals have been made for importing soybean oil in order to convince speculators that price declines will not be reversed.

Canada Issues October Oilseeds Estimates

October estimates of Canadian oilseed production indicate slight reductions in rapeseed and soybean output this year, but an increase in flaxseed.

Rapeseed production, estimated at 53.5 million bushels, showed a decline of 7 percent from the 57.3 million bushels produced in 1972. Less acreage planted to rapeseed and lower yields per acre, due to wet weather and frost, were largely responsible for the decline.

Soybean production is expected to drop to 13.6 million bushels from 13.8 million in 1972, despite a 4-percent increase in acreage. Adverse weather conditions reduced estimated yields per acre to 28.9 bushels compared with 34 bushels a year ago.

Flaxseed production, however, should reach 18.8 million bushels—up 7 percent from the 1972 outturn of 17.6 million bushels. Although acreage increased an estimated 10 percent, average yields are expected to decline to 13 bushels an acre, 2 percent below those in 1972.

The October estimates, released by Statistics Canada, were based on field crop conditions as of September 15.

Palm Oil Exports Up Between October-June

During the October 1972-June 1973 period, exports of palm oil from the five major producer-exporter countries (West Malaysia, East Malaysia, Indonesia, the Ivory Coast, and Zaire) rose to 853,700 metric tons—15 percent above the 740,100 tons exported in the same months of 1971-72.

The bulk of the increase reflects continued expansion in exports from West Malaysia and Indonesia—both of which registered increases of more than 20 percent. However, the overall rate of expansion in exports for the 9-month 1972-73 period slackened somewhat from the 18 percent growth of a year ago. This reflected a reduced rate of growth in exports from the Ivory Coast as well as a substantial decline in movements from Zaire.

For the year ending September 30, 1973, palm oil exports from the five countries are expected to approach 1.2 million tons—increasing by about 150,000 tons above the 1971-72 volume. In 1973-74 palm oil exports by these countries are expected to expand by a somewhat larger volume.

Argentine Meal Exports Continue To Expand

During the January-August 1973 period, Argentine exports of oilseed cakes and meals rose to 480,800 metric tons (soybean meal equivalent), compared with 214,300 tons in the same 8 months of 1972. The increase is equivalent to the protein fraction of 12 million bushels of soybeans.

The bulk of the increase reflects expanded movements of sunflower and peanut meal from 1973-crop harvest. In addition, Argentina initiated soybean meal imports in 1973 while 15,700 tons were exported during the July-August period.

Soybean meal exports could expand sharply this year since 1973 soybean production in Argentina rose to 272,000 tons, compared with only 78,000 tons in 1972.

Australia Building Soybean Processing Plant

A soybean processing plant is being built at Toowoomba, Australia, by Provincial Traders Holding, Ltd., in a joint venture with Archer-Daniels Midland, an American firm. The plant, to be completed in the spring of 1974, will have a capacity of about 228,000 tons per year.

In addition to soybean oil and meal, the plant will also produce soy flour, soy grits, and lecithin.

Spain Suspends Bulk Olive Oil Exports

The Spanish Government has banned exports of bulk olive oil, effective October 5. The suspension was deemed necessary to normalize the domestic market where olive oil prices rose sharply in recent weeks. Exports of tinned olive oil are not affected by the ban.

FRUIT, NUTS, AND VEGETABLES

Italian Walnut Crop Up Sharply from 1972's

Italy's 1973 commercial walnut crop is estimated at 2,300 short tons (inshell basis). This is about a normal crop but sharply higher than the poor 1972 harvest. Weather conditions were reported good and this was an "on" year for the crop which tends toward alternate bearing under Italian cultural conditions.

In the past year, Italy became a significant importer of inshell walnuts. The import total was 2,320 tons of which the United States supplied half. Pakistan, India, and Turkey accounted for most of the remainder. Imports are expected to be negligible in 1973-74.

Italian walnut exports were down to an estimated 3,500 tons (inshell basis) in the past marketing year. West Germany, Poland, and Belgium-Luxembourg were the major buyers. In the coming year, exports are forecast at 8,200 tons—somewhat below normal but more than double the 1972 level. While larger supplies and devaluation of the lira against major

European currencies encourage exports, strong domestic demand and high grower prices will erase these benefits. Inshell Sorrentos were quoted for export at 54 U.S. cents per pound, f.o.b., Naples in September this year, compared with 41 U.S. cents a year earlier when supplies were much smaller.

Japan Enlarges Import Quota For Oranges and Tangerines

On September 18, the Government of Japan announced an additional 2,500-metric-ton import quota for fresh oranges and tangerines for the first half of the Japanese fiscal year ending September 30. This brings the total quota for the first half (April-September) to 11,500 metric tons, 2,500 tons more than the comparable period last year, and only 500 tons less than the quota for all of 1972-73 (April-March).

Smaller Turkish Dried Fruit Pack Reported

Turkey reports a smaller 1973 dried fruit crop. Production is estimated at 154,600 short tons, 17 percent below 1972. Raisin production is estimated at 94,000 tons and dried fig production 49,600 tons. Hot July winds darkened raisin color and affected quality of figs grown in the lowlands. The bulk of the fig crop, however, is grown on hillsides where quality is reportedly better than in recent years. Dried apricot production is estimated at 11,000 tons. Average sizes of both apricots and figs are smaller than last season.

Brisk Movement of U.S. Pears Reported to Europe and Brazil

The Pacific Coast pear industry, faced with a large crop, is witnessing a brisk movement of pears to both Europe and Brazil, according to trade reports. The 1973 pear harvest in Europe is well below average.

As an indication of the short supply situation, Norway recently advanced the opening date for pear imports from December 20 to November 19. Earlier opening dates in other market countries are expected momentarily.

Reports indicate approximately 274,000 cartons of pears (and 170,000 cartons of apples) have moved to Brazil, with further shipments likely. This increased activity stems from exceptionally short storage supplies available in Argentina, a key supplier to Brazil.

The Argentine apple and pear crops were sharply reduced by a series of frosts early in the year.

South African Canned Deciduous Fruit Pack Up

South Africa reports a larger canned deciduous fruit pack despite drought conditions. Total 1973 production is estimated at 9.3 million cases, 4 percent above the 1972 pack of 9 million cases. All items, except clingstone peaches, registered increases. Clingstone production totaled 5.3 million cases, 3 percent below last season. Mixed fruits totaled a record 1.7 million cases. Pear production was 1.5 million cases, apricot production 600,000 and apple production 200,000 cases.

Larger 1973 exports are forecast for all canned fruit items except apricots. Available statistics for the first 6 months of 1973 indicate exports of 4.4 million cases, 21 percent over the 3.5 million of the same period last year. The United Kingdom is the largest market for South African fruit.

West Germany Issues Import Tender for Wax Beans

West Germany has announced a tender allowing imports of canned wax bean cuts from the United States and Canada.

Applications for import licenses will be accepted until an undisclosed value limit is reached, but not later than March 28, 1974. Import licenses issued will be valid until March 31, 1974. The German Foreign Trade Agency reserves the right to invalidate issued licenses if the European Community Council of Ministers or the EC Commission makes this product subject to an EC licensing system or escape clause protective measures.

Cold Weather Cuts Spanish Canned Deciduous Output

Abnormally cold April and May weather reduced 1973 Spanish production of canned deciduous fruit. Production is estimated at 3.7 million cases (equivalent 24/2½'s), 12 percent below the 1972 total of 4.2 million cases. The apricot pack was affected more severely than other fruits and is estimated at 1 million cases, 23 percent below last year's production of 1.3 million cases. Peach production is estimated at 1.3 million cases and other fruits 1.4 million cases.

Current reports indicate exports may have reached a record level during the 1972-73 season. Statistics for the first 9 months of the season show exports totaled almost 2.9 million cases of fruits in syrup. The United Kingdom and West Germany were major markets. Present 1973-74 season exports are forecast below those of last season.

TOBACCO

Korea Announces Record Tobacco Price Increase

The Korean Tobacco Monopoly recently announced that the market price of leaf tobacco, for export, has been increased by 24 percent for flue-cured and by 17 percent for burley. This is expected to increase the export prices to around 63 U.S. cents per pound for flue-cured and 49 U.S. cents per pound for burley.

This year's average selling-price increase of 22 percent is the largest on record and compares with previous annual price hikes of 15 percent in 1970, 3 percent in 1971, and 5 percent 1 year later.

The total 1973 Korean tobacco crop is estimated at 238 million pounds, 15 percent above the 1972 crop and almost 3 percent over the production target. The 1974 production target set by the Office of Monopoly is tentatively set at 236 million pounds.

Turkey Sets Minimum Tobacco Export Prices

Turkey's Ministry of Commerce recently announced minimum tobacco export prices for the 1973-74 export season. The prices, which apply to the 1972 crop of manipulated leaf tobacco, were higher than those requested by the Exporters Union. The announcement also revealed a carrying charge concept which will raise minimum prices of high-grade leaf 1.5 cents per kilogram per month (1 cent for low grade) beginning in January 1974. The announced prices ranged from

a high of $2.50 per kilogram for Samsun "A" grade to a low of 32 cents per kilogram for Aegean scrap. (All prices are in U.S. currency.)

Private merchants believe it will be a seller's year and were asking $1.95 to $2.00 per kilogram for American grade (AG) leaf. The asking-price range early in the 1972-73 export season was $1.60-$1.62 for AG leaf. The merchants have Government assurance that the exchange rate will remain at TL14 per dollar for the season.

With picking well under way, Turkey's 1973 crop is officially estimated at 164,000 tons. However, information from other sources indicates that the outturn may be below the estimate. The plants are short and the leaves small but quality is reported to be superior to that of the 173,000 tons in 1972.

LIVESTOCK AND MEAT PRODUCTS

U.K. Cattle, Sheep, and Hog Numbers Up, Poultry Down

The United Kingdom's June 1973 livestock census points to an expansion in cattle, hog, and sheep numbers, but lower poultry numbers. High meat prices resulted in a sharp rise in young breeding stock, particularly beef heifers. However, rising grain prices have slowed pig and dairy growth.

More calves from a larger beef herd and lower calf slaughter rates indicate higher availability of cattle for slaughter by the end of 1973. However, improved prospects in the beef sector will keep beef-cow cull levels low. Lower returns in dairying should boost dairy-cow cull rates.

A drop of 6.4 million birds in the laying flock will result in lower egg output, further intensifying severe egg shortages. A sharp rise in turkey numbers has resulted from a growing demand from housewives for turkey in preference to more expensive red meats.

UNITED KINGDOM'S LIVESTOCK CENSUS [1]

Category	June 1972	June 1973	Change
	1,000 head	*1,000 head*	*Percent*
Cows:			
Dairy	3,325	3,436	+ 3.3
Beef	1,476	1,688	+14.4
Heifers: [2]			
Dairy	686	674	− 1.7
Beef	268	315	+17.5
Bulls	101	114	+12.9
Other Cattle	7,629	8,271	+ 8.4
Total	13,485	14,498	+ 7.5

[1] Cattle only. [2] In calf for first time.

GENERAL

CEA Publishes Fact Book On Commodity Trading

The Commodity Exchange Authority (CEA) of the U.S. Department of Agriculture has published a 51-page booklet on "Federal Regulation of Trading in Commodity Futures Contracts," giving answers to a number of questions often asked CEA about regulation of commodity trading.

Titles of sections of the booklet include: History and scope of Federal regulation, Federal regulation of commodity exchanges, regulation of brokerage firms and floor brokers, regulation of traders and trading, enforcement of Federal laws and regulations, regulation of other commodity futures activities, and Federal Agencies involved in regulation of the commodity futures industry.

Individual copies of the publication are available at no charge from CEA offices or at USDA, Washington, D.C.

Canada and New Zealand Extend Tariff Preferences

Canada and New Zealand have agreed, in an exchange of letters, to continue their mutual preferential tariff treatment. The exchange of letters will operate in conjunction with the Canada-New Zealand Trade Agreement of 1932.

The two-country correspondence principally provides that tariffs cannot be increased above the levels applied on January 31, 1973, on products which are not specifically mentioned in the 1932 agreement, and the margins of preferences in effect as of January 31, 1973, must be maintained.

In recent years, two-way trade between the two countries has totaled between $70 million and $80 million a year, with exports and imports roughly in balance. About 85 percent of Canada's exports to New Zealand are fabricated materials and end products, that is, synthetic rubber, engines, and paper and pulp machinery. Other important export items include canned salmon and sulphur. In return, Canada imports substantial quantities of beef, lamb, and wool from New Zealand.

U.S. Firms Assist in Iranian Development

Three U.S. firms are participating in a US$20-million project sponsored by the Iranian Government. Intended to increase field crops and livestock production in the Khugistan region of Iran's Fertile Triangle. the plan calls for creation of an integrated complex to supervise production and process and market these and other products. When completed, the program will have reclaimed about 33,000 acres and resulted in the steady employment of some 2,000 persons.

A key element in the Iranian Government's development plan to raise nutritional levels and meet growing consumer demand for agricultural products, the project is expected to enable Iran to grow profit-making crops to replace at least $2.5 million in annual imports.

The three U.S. companies assisting in the project are the Chase International Investment Corporation, New York City; Diamond-A Cattle Company, Roswell, New Mexico; and the Hawaiian Agronomics Company of Honolulu. The only other foreign investor is Mitsui & Co., Ltd. of Japan.

Other Foreign Agriculture Publications

- World Sugar and Molasses Trade Declines in 1972 (FS-2-73)
- The Beef Cattle Industries of Central America and Panama (FAS-M-208)
- Cotton Production in the Soviet Union (FAS-M-254)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202-447-7937.

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Oilseed and Meal Imports By Major World Markets Climb

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1972-July 1973 period diverged widely from the same 10 months in 1971-72. Although aggregate imports for the six countries ran significantly above the 1971-72 volume, imports by West Germany and Spain were considerably lower.

In some countries, evidence indicates that 1972-73 feeding rates for high protein meals have been cut somewhat from a year ago—interrupting a long-term upward trend.

Declining consumption of high protein feed per animal unit was probably a result of the substantial increase in meal prices. The extent that short supplies of high protein feed may have trimmed livestock and poultry industry expansion (if at all) is unknown, but feed price rises appear to have squeezed livestock and poultry producer profits somewhat.

A key determinant in high protein meal feeding rates in 1973-74 is likely to be the price relationship between meal and grain. Reduced meal prices relative to grain should ultimately stimulate meal consumption by increasing feeding rates for meal, as well as increasing feeder profitability, thus giving producers the incentive to expand livestock and poultry numbers.

—By ALAN E. HOLZ, *FAS*

OILSEED AND IMPORTS INTO SELECTED MAJOR MARKETS[1]

Item	October-July		June	July	
	1971-72	1972-73	1973	1972	1973
	1,000 Metric Tons				
Soybean	7,646	8,727	781	646	708
Fish	1,418	802	96	142	89
Peanut	990	1,170	98	85	88
Cotton	613	709	53	60	67
Other	1,766	1,930	169	160	205
Total	12,433	13,338	1,197	1,093	1,157
Japan	2,925	3,496	443	240	298
West Germany	4,033	3,869	246	319	334
France	1,810	2,114	189	188	188
Denmark	875	916	79	74	108
United Kingdom	1,474	1,684	148	152	137
Spain	1,316	1,259	92	120	92
Soy as a percentage of the total	62	65	65	59	61

[1] Data expressed on a 44-percent soybean meal equivalent basis.

New Regional Group Visits Europe

Members of a recently formed trade organization of 14 southern U.S. States are now on a 2-week trip to European markets to evaluate prospects for sale of farm commodities from their States.

The new organization, the fifth such regional grouping to be formed in the country, consists of Virginia, West Virginia, North and South Carolina, Kentucky, Tennessee, Georgia, Alabama, Mississippi, Florida, Arkansas, Louisiana, Oklahoma, and Texas.

The trip, October 27-November 10, will take 12 representatives from these States and Federal Agricultural Departments to Stockholm, London, Zurich, and Hamburg.

Last year, the 14-State southern region had a share of U.S. agricultural exports valued close to $3.5 billion, better than a fourth of all U.S. agricultural exports.

Officers for the new organization are: Doyle Connor, Florida Commissioner of Agriculture, President; John White, Texas Commissioner of Agriculture, Vice President; S. Mason Carbaugh, Virginia Commissioner of Agriculture, Secretary-Treasurer; and Jim Graham, North Carolina Commissioner of Agriculture, and Thomas Irvin, Georgia Commissioner of Agriculture, Executive Committee members.

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